



Press Release

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Celina Insurance Group CEO Addresses Industry Trends

January 24, 2017, Celina, OH —

On January 19, 2017, the Dayton, OH Chapter of CPCU hosted Celina Insurance Group CEO, Bill Montgomery to discuss trends affecting the property and casualty insurance business. Montgomery expects little to no “Trump Effect” on the underwriting cycle. Traditionally there has been no significant difference in return on equity between Democrat and Republican presidencies. However, Montgomery said, “We are experiencing flatter underwriting cycles than in the past.”

Better quality decisions are driving the changes. Decisions that were formerly based on hope during the soft market are being replaced with quality information/data. This has enabled companies to achieve a better match of premiums and exposures.

On the subject of automated vehicles, it has been estimated by 2030, 95% of vehicles produced will be fully automated and by 2050, 95% of the vehicles on the road will be fully automated and communicating with each other. *(November 2016 Casualty Actuarial Society Annual Meeting).*

Economics will drive the change. The current cost of operating a vehicle is \$0.97 per mile and will go to \$0.31 per mile. Car sharing, which has already started in the cities, is expected to increase. It’s hard to think of one industry sector that won’t be affected. “Manufacturers and suppliers instantly come to mind,” said Montgomery. Claims frequency will decrease but severity (cost of repairing high tech vehicles) will increase.

Liability will shift from the insurance company to the manufacturer. There may also be a shift to first dollar **umbrella** coverage to protect individuals. The industry will be insuring people not cars.

The proliferation of “smart homes” could well create new opportunities for insurers.

Montgomery concluded, "Once in a generation, perhaps, something happens that profoundly changes the world and how we look at it. Business is not different. From time to time, someone develops a new way of operation that spreads within an industry, and from industry to industry. Those who adopt and adapt, prosper; those who do not, disappear."

Founded in 1914, Celina Insurance Group is comprised of four mutual property and casualty insurance companies. Celina underwrites auto, non-standard auto, farm, home, commercial auto and property insurance, as well as umbrella and casualty coverage in six Midwestern states. Celina Insurance Group is represented by some 500 independent agencies.

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Contact:
Sara Harlamert
Communications Manager
Ph: 419.586.8230